

CASE STUDY INCUBATORS

A start-up business needs a new idea and an entrepreneur willing to risk time and money to make the idea into an ongoing and successful venture. The new idea might have to do with the retail sales of a niche product or a specialized market, or it might be an idea that is funded by a grant to develop a new technological device to be used by some specialized industrial endeavor. Whatever the idea or its potential marketing thrust, the entrepreneur generally has limited capital, and therefore, limited time to set up shop, so to speak, and try for success.

New businesses have many decisions to make right from the start, and they can ill-afford to make mistakes. Will the business be a proprietorship, a partnership, or a Limited Liability Corporation? Who will provide the legal work? Will the business be on a cash basis or an accrual basis for accounting? Who will obtain the Employer Identification Number? What staffing will be necessary? Who will handle payroll and the required filings? Has a business plan been prepared? Has a market study and marketing plan been done? Who will do the bookkeeping? Will commercially available bookkeeping software suffice? How many computers will be required? What insurance policies will be necessary? What banking services will be necessary? Which vendors will be essential, and what assurances will be necessary to establish credit for monthly services? Where will the business locate? How much rent is affordable? Who will design and print stationary? Will a web site facilitate sales? Who will design and host the web site? What type of telephone service would be best, given expected computer use (email) and web site marketing? Will essential equipment be purchased or leased? Who will finish this list of stuff to worry about? Who will answer all these questions?

Incubators- An incubator is both a place and a program which is established to assist start up businesses, to help them be successful. A program of services is offered by a staff of professionals, and the services are generally focused to help entrepreneurs deal with questions as listed above. Facilities can vary widely in their nature, depending upon the type of businesses being incubated, but they are offered to new businesses at a lower than customary rent level. Lower rents are an essential part of the overall service an incubator provides to help new businesses to succeed. An incubator is established to provide subsidy to worthy start-ups, and candidate new businesses are generally expected to qualify for admission on a competitive basis. This means that each incubator must itself be well funded to allow transfer of staffing and facilities benefits to its new business tenants.

Retail incubators are the least common, as they have been the least successful. During the 1960's the produce co-op emerged as a simplified version of the retail incubator. Members paid dues, which generally paid utilities and rent for a place in a lower rent area. Members also volunteered time slots, essentially providing staffing on a collaborative basis. All this was done so that members could purchase produce at reasonable "non-profit" prices.

In Columbus, The North Market operates as a sort of incubator for small retail businesses and retail start-ups. The City owns the market facility, and staff is provided, paid out of rents and parking revenue. The rent for a "stall" is much lower than a small storefront on High Street, which allows start-ups to try for success in retailing. This is where Jeni's Ice Cream started under the name of Scream. The Somali community in Columbus operates a similar market in the Northland area.

Some economic development consultants are currently working to set up incubators for start-up retail businesses. The idea is to arrange a number of separate stores within a retail building in a commercial district. Each store would be allocated 400 to 500 square feet of floor space, and each proprietor would receive on-the-job training in retail operations. Six or seven such businesses fit within a typical ground floor area of old buildings. Issues that are important in such

an undertaking include favorable bank financing for inventory, store displays and fixtures, and for as much as eleven or twelve months of operations. Low rent is also essential.

The task of marketing each business to allow the establishment of individual store identities is, perhaps, the most crucial aspect of retail incubators, however. Successful retail businesses generally require visibility from the street. Retailers often achieve identity through their window displays. Retail incubators draw customers on the basis of cumulative attraction, the fact that many small businesses exist in one place. This is why start-up businesses in a retail incubator must be compatible. The situation is very much like the collaborative retailing among many proprietors in the antique mall. The antique mall, however, also illustrates the difficulty each proprietor confronts in trying to establish an individual brand for his/ her shop. Each shop owner usually possesses insufficient inventory to open their own store. This fact goes unnoticed when such dealers group together in a mall setting, but the situation prohibits the individual dealer from setting up a specialty.

The small retail merchants that prove to be most successful operate a mail order or web page sales program. Internet sales open each shop to the world of customers, the potential of which is perhaps best illustrated by eBay.

The **business incubator** (sometimes referred to as the Technology Business Incubator) is the most common form of incubator, and the most successful. The business incubator provides space and services for start-ups that are involved with the essence of developing, or with various ways of employing the fruits of, technology. These “tech” businesses operate within a constant state of evolution and change, and they need to invest their capital in the technology and equipment necessary to develop their strong idea into successful business ventures. Incubator facilities for tech business start-ups are generally quite large in size, often 20,000 square feet or larger. The most successful provide floor space for primary work stations, plus opportunity for laboratory space, and common areas such as meeting rooms, a central copy area, lounge space, and toilet areas.

Technology business start-ups generally produce work in the format of highly flexible teams of people collaborating together. The work environment is, therefore, very open and flexible. An open architecture for the facility is necessary to allow changes in utilities and technology infrastructure, as well as in office space configuration. Specialized support facilities, such as wet labs, bottle wash, autoclaves, toilets and conference space are generally fixed in convenient locations, but it is best if the facility provides a level of incompleteness in the overall incubator platform. The resulting theatrical character of the interior environment, the visual sense of being back stage, or on “the verge,” adds excitement to the business incubator and encourages a surprising level of sharing between and among tenant businesses.

CASE STUDY
TECH COLUMBUS- THE BUSINESS TECHNOLOGY CENTER
1275 Kinnear Road
Columbus, Ohio

The information for this case study is provided by Lincoln Street Studio, the project architect.



Entry Lobby.

Photo by Steven Elbert.

The Business Technology Center was founded in early 1984 as a non-profit business incubator. It was initially set up in an off campus location on Summit Street in Columbus, in an old University lab building. The BTC was relocated into the office wing of the old Simmons Mattress Factory at 1275 Kinnear Road around 1990. The new location was renovated in the mid-1990's, and expanded in 2000. The expansion consisted of renovating 37,000 square feet of high bay factory space adjacent to the office wing, plus renovating 4,000 square feet of the office wing to provide a new entrance and lobby area.

The renovation plan provided 42 office work places of approximately 300 square feet, 16 fully equipped laboratories 300 square feet in area, 5 conference rooms, one major meeting space, a bottle wash and autoclave room, one data cabling and telephone terminal room, toilet facilities, and lounge area. A primary objective of the renovation was to preserve the existing spatial character of the high bay space, its visual excitement of exposed network of steel columns, girders and beams, and the existing fire suppression system. A second objective was to devise an interior lighting system that would dispel the darkness of a completely interior location. Achieving flexibility in office space configuration, to allow businesses to expand with little dust and disruption was also important.



Typical Wet Lab.

Photo by Steven Elbert.



An Interior Business Street.

Photo by Steven Elbert.

Rather than traditional office partitions with closed ceilings, an interior of open-ended and partially enclosed architecture made the work places. The project was conceived as a small city, with a series of “buildings” within the high bay factory space, organized hierarchically, with the public forum and meeting spaces at the center. Office use spaces ringed the perimeter of the forum, providing frontage for the primary interior street, and enclosing 16 generic laboratory buildings, support facilities, the conference center and stand-alone office pods. Skylights, indirect lighting using the roof deck, and playful lighting achieved a sense of daylight throughout. A new glass and metal lobby was designed in the shape of a wedge to visually pierce the old building to provide access and a physical connection between the existing BTC offices and new tenant space deep within the old factory. The modern nature of the entry design provided an enhanced identity from the road, establishing the sense that the existing incubator had been expanded with new activity. The BTC rented up in ten months, exceeding expectations by more than a year, and in 2003 it received the Randal M. Whaley Incubator of the Year Award from the National Business Incubation Association.

The incubator provided the start-up businesses with flexible, short term leases, at approximately \$10 per square foot under market rate rents. Leases were written to allow tenants to “bundle” the costs of furnishings and certain equipment into a single lease fee. Business advisory services offered to tenants included preparation of a business plans, assistance in conducting market surveys, and assistance in grant writing. Specialized services could also be arranged for tenants in the areas of patent law, accounting, and human resources. Being on the Science and Technology Campus of The Ohio State University also offered many advantages, including access to a part time graduate student work force and to professors and researchers with their intellectual infrastructure on such topics as domain-specific IT, technology transfer and commercialization, bioscience and advance materials.

By 2002, the Business Technology Center had provided facilities for 21 start-up business tenants.

- Adler Consultants (Non Destructive Testing)
- Automatiq Measurements (Circuit Testing)

- BFD (Advanced Structural Materials)
- Consumer Product Innovations (Consumer Product Testing)
- Entrotech (Speciality Adhesives)
- FourthChannel (Sales Software)
- HealthSafe (Microbial Contamination Control)
- IAM Technology (Business Software)
- MetGet (RF I.D. Tags)
- Oncolmmune (Cancer and MS Therapy)
- Oztech (Automated Tracking Systems)
- The Platform Lab (Software Test Facility)
- Secure Interiors (Corporate Network Security)
- Skilled Trades Company (Employee Leasing)
- TeamDynamixs (Project Management Software)
- TopoGEN (Pharmaceutical Reagents)
- Transmap (Digital Mapping)
- Funk Metallurgical (Start-up Consulting)
- Cabot Performance Materials (Cabot Corp. Thin Film Spin-Off)
- Global Seven (Consumer Product Formulation)
- Athenor Global (Management Consulting)

These businesses created more than 100 jobs, and generated approximately \$8.1 million in investments. By the end of 2002, the BTC had graduated more than 40 businesses into the market rate economy, 32 of which were still operating.

Also in 2002, The Columbus Technology Council was created through the merger of two organizations, the Industry and Technology Council (ITC), and the Columbus Technology Leadership Council (CTLC). In 2006, the Business Technology Center merged with the Columbus Technology Council to form Tech Columbus. Tech Columbus now operates the technology business incubator, and the facility on Kinnear Road carries the name Business Technology Center.